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PRESENTATION TO



Minnesota Association of School Administrators

Shared Services Study –  
Reduce Costs and Improve  
Efficiency

March 2010

PRESENTERS  
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Agenda

- Initiating a study
- Data acquisition
- Structured interviews
- Case study
- Existing cooperative agreements
- Implementation

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**Initiating a Study**

- **Select/recruit participants**
  - School districts
  - Municipalities
  - Non-profits
  - Businesses

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**Initiating a Study *cont.***

- **Establish goals**
  - Specific: Determine the potential for cooperatively providing recreational activities for middle school students
  - General: Determine interest and efficacy of jointly providing administrative services related to overall leadership, human resources, accounting, purchasing and facility maintenance
- **Determine leadership**
  - In-house
  - Consultant

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**Data Acquisition**

- **Structured interviews**
  - Board members
  - Superintendents
  - Other administrators
- **Comparative data**
  - Funding
  - Expenditures
  - Tax burden
  - Population
  - Trends

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**Purpose of Interviews and Data**

- Willingness to participate
- What is acceptable
- What is not acceptable
- Identify common interests, issues and solutions
- Recognize successful efforts for replication

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**Case Study**

- Multi-District Collaborative
  - 5 Minnesota school districts

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**Purpose of the Study**

- Potential to achieve enhanced:
  - Efficiency
  - Effectiveness
  - Cost/Effectiveness
- Contracted with Springsted for a Shared Services Study

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**Need for the Study**

- Four of five districts
  - Experienced enrollment decline
  - Classified as low spending educational organizations
- All five districts
  - Classified as low wealth districts
  - Conducting recent or upcoming operating levy referenda
  - Negative impact of sub-inflationary funding from State
  - Negative impact of State to fund mandated programs

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**Need for the Study *cont.***

- All five districts
  - Negative impact of State's funding shift
  - Implemented General Fund budget reductions
  - Decade of inflation
  - Additional factors

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**Methodology of the Study**

- Meet or survey key staff:
  - Superintendents, School Board Members, Business Managers, Principals
- Analyze:
  - Enrollment and enrollment trends
  - Expenditures/pupil data
  - Financial trends
  - Current administrative organization configurations

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**Methodology of the Study** *cont.*

- Analyze:
  - Staffing trends
  - Pupil/teacher ratios
  - Shared services interest
  - Shared personnel capabilities
- Findings and Recommendations

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**Operating Assumptions**

- Administrative or quasi-administrative functions
  - Collaboration
  - Degree of uncertainty or risk for success/failure
  - Interest/disinterest
    - Purchasing functions (interest)
    - Full-scale merging of functions (disinterest)
  - Few school personnel for sharing

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**Ten Year Student Enrollment Change**

**Table 1**  
Shared Services Study  
Enrollment Change  
1997-98 / 2007-08

District	1997-98	2007-08*	Change	% Change
District #1	1,067	928	-139	-13.0%
District #2	1,790	1,645	-145	-8.1%
District #3	1,815	1,912	+97	+5.3%
District #4	2,060	1,854	-206	-10.0%
District #5	762	610	-152	-19.9%

\*ADM Served Source: Minnesota Department of Education

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### Ten Year PK-12 Operating Expenditures

Table 2 Shared Services Study PK-12 Operating Expenditures Per Student 1997-98 / 2007-08				
District	1997-98	2007-08*	Change	% Change
District #1	\$5,935	\$7,923	+\$1,988	+33.5%
District #2	\$5,299	\$7,936	+\$2,637	+49.8%
District #3	\$5,667	\$7,865	+\$2,198	+38.8%
District #4	\$5,197	\$7,969	+\$2,772	+53.3%
District #5	\$5,894	\$9,247	+\$3,353	+56.9%
State MN Average	\$6,313	\$9,292	+\$2,979	+47.2%

\* ADM Served Source: Minnesota Department of Education

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### Select Comparative Expenditures, 2007-08

Table 3 Shared Services Study Select Comparative Expenditures Per Student 2007-08						
Category	District #1	District #2	District #3	District #4	District #5	MN Avg.
Administration, District/School	\$752	\$870	\$495	\$641	\$878	\$778
Regular Instruction	\$3,623	\$3,642	\$3,456	\$3,858	\$4,734	\$4,282
Career/Technical Instruction	\$40	\$106	\$166	\$164	\$140	\$146
Special Education	\$1,265	\$1,138	\$1,573	\$1,309	\$1,329	\$1,725
Instructional Support Services	\$253	\$315	\$419	\$250	\$109	\$468
Pupil Support Services	\$203	\$194	\$247	\$211	\$148	\$271
Operations/Maintenance	\$777	\$668	\$687	\$740	\$914	\$818
Student Transportation	\$584	\$422	\$612	\$450	\$394	\$570
Gen. Fund Operating Expenditures, District	\$7,923	\$7,936	\$7,865	\$7,969	\$9,247	\$9,311
Gen. Fund Operating Expenditures, Peer Group	\$8,595	\$8,481	\$8,481	\$8,481	\$9,150	

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- ### General Findings
- General Finding I
    - Myriad of potential administrative functions identified – valued by a minority
  - General Finding II
    - Sharing of a number of higher risk administrative functions is not of interest
  - General Finding III
    - Few individuals available to function in multi-school district capacity
  - General Finding IV
    - Gravitate toward lower risk administrative functions
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**General Findings** *cont.*

- General Finding VI
  - Select mainframe programs better coordinated on multi-school district basis (e.g. Community Education)
- General Finding VII
  - No reservation or opposition to contracted services to augment administrative functions
- General Finding VIII
  - Five Districts currently benefit from some forms of collaboration
  - Justification for field-testing shared services in 2010-11

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**Specific Conclusions and Recommendations**

- Leadership/Administration/Management
- Purchasing of Products
- Procurement of Services
- Contracting for Insurance

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**Summary**

- Further study and consideration by districts
- Cooperative efforts
- Individual choice by school districts
- Effectiveness
  - Sharing personnel
  - Greater specialization
  - Consolidating staff
    - Unlikely to generate savings

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**Summary** *cont.*

- Increase efficiency and reduce costs
  - Joint purchasing
  - Competitive proposals for insurances
  - Service agreements
  - Sharing Staff

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**Implementation**

- Present final report to elected officials
- Select limits/initiatives
  - Greatest potential
  - Long-term
  - Short-term
- Determine leadership
  - In-district personnel
  - Service provider/consultant
- Assess progress
- Move on to other initiatives

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**Existing Cooperative Arrangements**

- State of Minnesota cooperative purchasing agreements
- Other districts or municipalities
- MNTAAB
- MSDLAF
- Service Coops
- Intermediate school districts
- Joint powers organizations

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